

TOWN OF GUEYDAN, LOUISIANA
Financial Statements

Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/6/11

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INDEPENDENT AUDITOR'S REPORT

The Honorable Craig Hensgens, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2011 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 35 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Gueydan has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements as a whole. The other supplementary information on pages 41 through 44 is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 11, 2011

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,225,770	\$ 1,594,186	\$ 2,819,956
Receivables, net	-	211,143	211,143
Other receivables	11,383	25,102	36,485
Due from other governmental units	46,683	-	46,683
Total current assets	<u>1,283,836</u>	<u>1,830,431</u>	<u>3,114,267</u>
Noncurrent assets:			
Restricted assets -			
Interest bearing deposits	-	28,334	28,334
Capital assets, net	8,616,226	4,120,918	12,737,144
Total noncurrent assets	<u>8,616,226</u>	<u>4,149,252</u>	<u>12,765,478</u>
Total assets	<u>9,900,062</u>	<u>5,979,683</u>	<u>15,879,745</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	24,064	218,180	242,244
Accrued interest payable	4,646	-	4,646
Capital lease payable	8,908	-	8,908
Total current liabilities	<u>37,618</u>	<u>218,180</u>	<u>255,798</u>
Noncurrent liabilities:			
Customers' deposits	-	28,334	28,334
Capital lease payable	78,632	-	78,632
Total noncurrent liabilities	<u>78,632</u>	<u>28,334</u>	<u>106,966</u>
Total liabilities	<u>116,250</u>	<u>246,514</u>	<u>362,764</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,524,040	4,120,918	12,644,958
Unrestricted	1,259,772	1,612,251	2,872,023
Total net assets	<u>\$ 9,783,812</u>	<u>\$ 5,733,169</u>	<u>\$ 15,516,981</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Activities	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:						
General government		\$ 318,142	\$ 75,063	\$ -	\$ 7,547	\$ (235,532)
Public safety		504,040	43,727	20,898	-	(439,415)
Public works		513,592	16,830	-	24,112	(472,650)
Total governmental activities		1,335,774	135,620	20,898	31,659	(1,147,597)
Business-type activities:						
Electricity		1,255,522	1,985,317	41,667	-	771,462
Gas		270,858	365,182	-	-	94,324
Water		190,486	135,733	-	-	(54,753)
Sewer		236,947	100,549	-	-	(136,398)
Total business-type activities		1,953,813	2,586,781	41,667	-	674,635
Total		\$ 3,289,587	\$ 2,722,401	\$ 62,565	\$ 31,659	(1,147,597)
General revenues:						
Taxes -						
Property taxes, levied for general purposes					19,367	19,367
Sales and use taxes, levied for general purposes					170,632	170,632
Hotel occupancy tax, levied for specific purposes					4,027	4,027
Beer taxes					2,424	2,424
Interest and investment earnings					11,418	17,120
Miscellaneous					21,873	21,873
Loss on sale of capital assets					-	-
Transfers					625,832	(625,832)
Total general revenues and transfers					855,573	235,443
Change in net assets					(292,024)	(237,519)
Net assets - January 01, 2010					10,075,836	15,754,500
Net assets - December 31, 2010					\$ 9,783,812	\$15,516,981

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund

To account for the receipt and use of proceeds of the Town's one percent sales and use tax. These taxes are dedicated to the following purposes: constructing, acquiring, extending, and improving the natural gas, waterworks, and sewer systems; and paying principal and interest on bonded or funded indebtedness, paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

Capital Projects Fund

Louisiana Community Development Block Grant (LCDBG) Fund -

To account for the collection and disbursements of federal funds used for upgrades to the sewer system for the Town of Gueydan.

Enterprise Fund

Utility Fund -

To account for the provision of light, gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>LCDBG</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash	\$ 46,619	\$ 177,274	\$ -	\$ 26,965	\$ 250,858
Interest-bearing deposits	79,284	895,628	-	-	974,912
Receivables:					
Ad valorem tax	8,400	-	-	-	8,400
Franchise tax	1,422	-	-	-	1,422
Accrued interest	411	1,150	-	-	1,561
Due from other governmental units	<u>-</u>	<u>46,683</u>	<u>-</u>	<u>-</u>	<u>46,683</u>
Total assets	<u>\$ 136,136</u>	<u>\$ 1,120,735</u>	<u>\$ -</u>	<u>\$ 26,965</u>	<u>\$ 1,283,836</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 20,069	\$ 3,485	\$ -	\$ -	\$ 23,554
Accrued expenses	<u>510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510</u>
Total liabilities	<u>20,579</u>	<u>3,485</u>	<u>-</u>	<u>-</u>	<u>24,064</u>
Fund balances:					
Unreserved, undesignated	<u>115,557</u>	<u>1,117,250</u>	<u>-</u>	<u>26,965</u>	<u>1,259,772</u>
Total liabilities and fund balances	<u>\$ 136,136</u>	<u>\$ 1,120,735</u>	<u>\$ -</u>	<u>\$ 26,965</u>	<u>\$ 1,283,836</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2010

Total fund balances for governmental funds at December 31, 2010 \$ 1,259,772

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 26,950	
Buildings, net of \$186,298 accumulated depreciation	585,950	
Infrastructure, net of \$3,549,010 accumulated depreciation	7,490,389	
Equipment, furniture, and fixtures, net of \$596,691 accumulated depreciation	207,549	
Improvements other than buildings, net of \$656,369 accumulated depreciation	<u>305,388</u>	8,616,226

Long-term liabilities at December 31, 2010:

Capital lease payable	(87,540)
Accrued interest on capital lease	<u>(4,646)</u>

Total net assets of governmental activities at December 31, 2010 \$ 9,783,812

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended December 31, 2010

	General	Sales Tax Special Revenue	LCDBG	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 19,367	\$ 170,632	\$ -	\$ 4,027	\$ 194,026
Licenses and permits	65,891	-	-	-	65,891
Intergovernmental	30,868	-	24,112	-	54,980
Charges for services	3,449	-	-	-	3,449
Fines and forfeiture	13,801	-	-	-	13,801
Interest	711	10,707	-	-	11,418
Other	74,354	-	-	-	74,354
Total revenues	<u>208,441</u>	<u>181,339</u>	<u>24,112</u>	<u>4,027</u>	<u>417,919</u>
Expenditures:					
Current -					
General government	204,834	83,415	-	200	288,449
Public safety	472,939	-	-	-	472,939
Public works	283,608	-	24,112	-	307,720
Capital outlays	27,391	59,688	-	-	87,079
Debt service:					
Principal	8,420	-	-	-	8,420
Interest	5,566	-	-	-	5,566
Total expenditures	<u>1,002,758</u>	<u>143,103</u>	<u>24,112</u>	<u>200</u>	<u>1,170,173</u>
(Deficiency) excess of revenues over expenditures	<u>(794,317)</u>	<u>38,236</u>	<u>-</u>	<u>3,827</u>	<u>(752,254)</u>
Other financing sources (uses):					
Transfers in	749,585	-	-	-	749,585
Transfers out	-	(123,753)	-	-	(123,753)
Total other financing sources (uses)	<u>749,585</u>	<u>(123,753)</u>	<u>-</u>	<u>-</u>	<u>625,832</u>
Net changes in fund balances	(44,732)	(85,517)	-	3,827	(126,422)
Fund balances, beginning	<u>160,289</u>	<u>1,202,767</u>	<u>-</u>	<u>23,138</u>	<u>1,386,194</u>
Fund balances, ending	<u>\$ 115,557</u>	<u>\$1,117,250</u>	<u>\$ -</u>	<u>\$ 26,965</u>	<u>\$1,259,772</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2010

Total net changes in fund balances at December 31, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (126,422)
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The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 87,079	
Depreciation expense for the year ended December 31, 2010	<u>(261,548)</u>	(174,469)

Governmental funds report debt repayments as expenditures. However,
this expenditure does not appear in the statement of activities since
the payment is applied against the payable balance on the Statement
of Net Assets

8,420

Difference between interest on long-term debt on modified accrual basis
versus interest on long-term debt on accrual basis

447

Total changes in net assets at December 31, 2010 per Statement of Activities	<u>\$ (292,024)</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Net Assets
December 31, 2010

ASSETS

Current assets:

Cash	\$ 417,269
Interest-bearing deposits	1,176,917
Accounts receivable, net of allowance	211,143
Unbilled utility receivables	24,355
Accrued interest receivable	<u>747</u>
Total current assets	<u>1,830,431</u>

Noncurrent assets:

Restricted assets -	
Interest-bearing deposits	28,334
Capital assets, net of accumulated depreciation	<u>4,120,918</u>
Total noncurrent assets	<u>4,149,252</u>
Total assets	<u>5,979,683</u>

LIABILITIES

Current liabilities:

Accounts payable	118,344
Due to other funds	-
Other payable	<u>99,836</u>
Total current liabilities	218,180

Noncurrent liabilities:

Customers' deposits	<u>28,334</u>
Total liabilities	<u>246,514</u>

NET ASSETS

Invested in capital assets	4,120,918
Unrestricted	<u>1,612,251</u>
Total net assets	<u>\$5,733,169</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended December 31, 2010

Operating revenues:	
Charges for services	\$2,563,241
Miscellaneous	<u>23,540</u>
Total operating revenues	<u>2,586,781</u>
Operating expenses:	
Electric department expenses	1,224,540
Gas department expenses	228,686
Water department expenses	81,479
Sewerage department expenses	139,372
Depreciation	<u>279,736</u>
Total operating expenses	<u>1,953,813</u>
Operating income	632,968
Nonoperating revenues/expenses:	
Interest income	5,702
Capital contributions	<u>41,667</u>
Income before transfers	<u>680,337</u>
Transfers in (out):	
Transfers in	34,168
Transfers out	<u>(660,000)</u>
Total transfers in (out)	<u>(625,832)</u>
Change in net assets	54,505
Net assets, beginning	<u>5,678,664</u>
Net assets, ending	<u>\$5,733,169</u>

The accompanying notes are an integral part of the basic statement.

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2010

Cash flows from operating activities:	
Receipts from customers	\$2,562,614
Payments to suppliers	(1,547,436)
Payments to employees	(139,474)
Other receipts	<u>23,540</u>
Net cash provided by operating activities	<u>899,244</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	34,168
Transfers to other funds	<u>(660,000)</u>
Net cash used by noncapital financing activities	<u>(625,832)</u>
Cash flows from capital and related financing activities:	
Net meter deposits	(1,058)
Acquisition of property, plant and equipment	(63,159)
Capital contributions	<u>41,667</u>
Net cash used by capital and related financing activities	<u>(22,550)</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	416,384
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(421,525)
Interest on investments	<u>7,632</u>
Net cash provided by investing activities	<u>2,491</u>
Net increase in cash and cash equivalents	253,353
Cash and cash equivalents, beginning of period	<u>947,641</u>
Cash and cash equivalents, end of period	<u>\$1,200,994</u>

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
For the Year Ended December 31, 2010

Cash flows from operating activities:	
Operating income	\$ 632,968
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	279,736
(Increase) decrease in operating assets	
Accounts receivable	(1,966)
Unbilled utilities receivable	1,339
Increase (decrease) in operating liabilities	
Accounts payable	12,191
Other payable	(25,024)
Net cash provided by operating activities	<u>\$ 899,244</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash- unrestricted	374,611
Interest-bearing deposits, unrestricted	960,022
Interest-bearing deposits, restricted	29,392
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(416,384)</u>
Total cash and cash equivalents	<u>947,641</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, end of period -	
Cash- unrestricted	417,268
Interest-bearing deposits, unrestricted	1,176,917
Interest-bearing deposits, restricted	28,334
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(421,525)</u>
Total cash and cash equivalents	<u>1,200,994</u>
Net increase	<u>\$ 253,353</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) Accounting Standards Codification have been applied unless those standards conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsection of this note.

A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds -

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The LCGBD Capital Projects Fund accounts for the proceeds of a LCDBG Grant and the expenditures related to the grant.

Additionally, the Town reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable principles under the FASB Accounting Standards Codification in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased. See Note (2) for additional GASB No. 3 disclosures.

Investments

Under state law the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2010, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables at December 31, 2010 and 2009 was \$1,911 and \$1,581, respectively. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 years

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital lease payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2010, the Town has cash and interest-bearing deposits (book balances) totaling 2,848,290 as follows:

Demand deposits	\$ 1,429,009
Savings and certificates of deposit	<u>1,419,281</u>
Total	<u>\$ 2,848,290</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2010, are as follows:

Bank balances	<u>\$ 2,930,087</u>
At December 31, 2010 the deposits are secured as follows:	
Federal deposit insurance	1,860,871
Pledged securities (Category 3)	<u>1,069,216</u>
Total	<u>\$ 2,930,087</u>

As of December 31, 2010, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2010, taxes of 4.22 mills were levied on property with assessed valuations totaling \$4,671,360 and were dedicated for general purposes.

Total taxes levied were \$19,713. Taxes receivable at December 31, 2010 were \$8,400.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town (2010 collections \$170,632; 2009 collections \$162,275) is dedicated to the following purposes:

Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

(5) Receivables

Receivables at December 31, 2010 of 247,628 consist of the following:

	General	Sales Tax	Utility	Total
Accounts	\$ -	\$ -	\$211,143	\$211,143
Unbilled utility	-	-	24,355	24,355
Taxes:				
Ad valorem	8,400	-	-	8,400
Franchise	1,422	-	-	1,422
Interest	411	1,150	747	2,308
Totals	<u>\$10,233</u>	<u>\$ 1,150</u>	<u>\$236,245</u>	<u>\$247,628</u>

TOWN OF GUEYDAN, LOUISIANA
Notes to Basic Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

At December 31, 2010, restricted assets consisted of customers' deposits totaling \$28,334.

(7) Changes in Long-Term Debt

The following is a summary of long-term debt for the year ended December 31, 2010:

	<u>Governmental Activities</u>
Long-term debt payable, January 01, 2010	\$ 95,960
Additions	-
Reductions	<u>(8,420)</u>
Long-term debt payable, December 31, 2010	<u>\$ 87,540</u>

(8) Capital Lease

The Town is obligated under a capital lease which was used in the acquisition of a fire truck at a cost of \$137,749. The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of December 31, 2010.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal payments</u>	<u>Interest payments</u>	
2011	\$ 8,908	\$ 5,077	\$ 13,985
2012	9,425	4,561	13,986
2013	9,972	4,014	13,986
2014	10,550	3,436	13,986
2015	11,162	2,824	13,986
2016-2018	37,523	4,435	41,958
Totals	<u>\$ 87,540</u>	<u>\$ 24,347</u>	<u>\$ 111,887</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,950	\$ -	\$ -	\$ 26,950
Other capital assets:				
Buildings	772,248	-	-	772,248
Infrastructure	10,998,959	40,440	-	11,039,399
Equipment, furniture and fixtures	757,601	46,639	-	804,240
Improvements other than buildings	961,757	-	-	961,757
Totals	<u>13,517,515</u>	<u>87,079</u>	<u>-</u>	<u>13,604,594</u>
Less accumulated depreciation				
Buildings	167,293	19,005	-	186,298
Infrastructure	3,381,895	167,115	-	3,549,010
Equipment, furniture and fixtures	547,556	49,135	-	596,691
Improvements other than buildings	630,076	26,293	-	656,369
Total accumulated depreciation	<u>4,726,820</u>	<u>261,548</u>	<u>-</u>	<u>4,988,368</u>
Governmental activities, capital assets, net	<u>\$ 8,790,695</u>	<u>\$ (174,469)</u>	<u>\$ -</u>	<u>\$ 8,616,226</u>
Business-type activities:				
Capital assets being depreciated				
Electric system	\$ 1,550,306	\$ -	\$ -	\$ 1,550,306
Gas system	1,557,255	-	-	1,557,255
Water system	3,513,776	29,367	-	3,543,143
Sewer system	3,400,406	33,792	-	3,434,198
Totals	<u>10,021,743</u>	<u>63,159</u>	<u>-</u>	<u>10,084,902</u>
Less accumulated depreciation				
Electric system	1,380,200	30,982	-	1,411,182
Gas system	791,069	42,172	-	833,241
Water system	1,462,721	109,007	-	1,571,728
Sewer system	2,050,259	97,575	-	2,147,834
Total accumulated depreciation	<u>5,684,249</u>	<u>279,735</u>	<u>-</u>	<u>5,963,984</u>
Business-type activities, capital assets, net	<u>\$ 4,337,494</u>	<u>\$ (216,576)</u>	<u>\$ -</u>	<u>\$ 4,120,918</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 29,893
Public safety	25,783
Public works	<u>205,872</u>
Total depreciation expense	<u>\$261,548</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 30,982
Gas	42,172
Water	109,007
Sewer	<u>97,575</u>
Total depreciation expense	<u>\$279,735</u>

(10) Employee Retirement

All employees of the Town are participants of the Social Security System. For the year ended December 31, 2010, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended December 31, 2010, amounted to \$50,646. Membership in the Municipal Police Employees' Retirement System (MPERS) is mandatory for any full-time officer meeting the statutory criteria, provided they do not participate in the Social Security System. Since all Town employees are participants in the Social Security System, the Town had no required contributions to MPERS for the year ended December 31, 2010.

(11) Due from Other Governmental Units

Amounts due from other governmental units consisted of the following at December 31, 2010:

Amount due from the Vermilion Parish School Board for incorporated sales taxes for the month of December, 2010.	<u>\$ 46,683</u>
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TOWN OF GUEYDAN, LOUISIANA
Notes to Basic Financial Statements (Continued)

(12) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2010:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 23,554	\$118,344	\$141,898
Other liabilities	<u>510</u>	<u>99,836</u>	<u>100,346</u>
Totals	<u>\$ 24,064</u>	<u>\$218,180</u>	<u>\$242,244</u>

(13) Commitments and Contingencies

Litigation

At December 31, 2010, there is no pending litigation against the Town of Gueydan.

(14) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(15) Interfund Transfers

Transfers consisted of the following at December 31, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 749,585	\$ -
Sales Tax Special Revenue Fund	<u>-</u>	<u>123,753</u>
Total major governmental funds	<u>749,585</u>	<u>123,753</u>
Proprietary fund:		
Enterprise Fund	<u>34,168</u>	<u>660,000</u>
Total	<u>\$ 783,753</u>	<u>\$ 783,753</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(16) Segment Information for the Enterprise Fund

The Town of Gueydan maintains one enterprise fund with four departments providing electric, gas, water, and sewerage services. Segment information for the year ended December 31, 2010 was as follows:

	Electric Dept.	Gas Dept.	Water Dept.	Sewerage Dept.	Total Enterprise Fund
Operating revenues	<u>\$ 1,985,317</u>	<u>\$ 365,182</u>	<u>\$ 135,733</u>	<u>\$ 100,549</u>	<u>\$ 2,586,781</u>
Operating expenses:					
Depreciation	30,982	42,172	109,007	97,575	279,736
Other	<u>1,224,540</u>	<u>228,686</u>	<u>81,479</u>	<u>139,372</u>	<u>1,674,077</u>
Total operating expenses	<u>1,255,522</u>	<u>270,858</u>	<u>190,486</u>	<u>236,947</u>	<u>1,953,813</u>
Operating income (loss)	<u>\$ 729,795</u>	<u>\$ 94,324</u>	<u>\$ (54,753)</u>	<u>\$ (136,398)</u>	<u>\$ 632,968</u>

(17) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2010, follows:

Mayor:	
Craig Hensgens	<u>\$ 12,400</u>
Aldermen:	
David Dupuis	\$ 3,000
Gale Smith	3,000
Jude Reese	3,000
Scott Vallo	3,000
Claudette Price	<u>3,000</u>
	<u>\$ 15,000</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Subsequent Events

The Town evaluated subsequent events through March 11, 2011, the date which the financial statements were available to be issued.

(19) New Accounting Pronouncements

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions (Statement)". The statement will require fund balances for each of the Town's governmental funds to be displayed in various classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. The provisions of GASBS No. 54 must be implemented by the Town for the fiscal year ending December 31, 2011. Implementation will require the Town to restate existing fund balances for the governmental funds.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2010

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 10,250	\$ 10,000	\$ 19,367	\$ 9,367
Licenses and permits	65,371	66,610	65,891	(719)
Intergovernmental	54,596	38,690	30,868	(7,822)
Charges for services	3,449	4,143	3,449	(694)
Fines and forfeitures	17,400	12,000	13,801	1,801
Interest	-	882	711	(171)
Other	199,984	71,749	74,354	2,605
Total revenues	<u>351,050</u>	<u>204,074</u>	<u>208,441</u>	<u>4,367</u>
Expenditures:				
Current -				
General government	193,645	212,776	204,834	7,942
Public safety	421,050	500,741	472,939	27,802
Public works	257,170	291,879	283,608	8,271
Capital outlays	41,000	32,258	27,391	4,867
Debt service:				
Principal	-	10,000	8,420	1,580
Interest	-	3,986	5,566	(1,580)
Total expenditures	<u>912,865</u>	<u>1,051,640</u>	<u>1,002,758</u>	<u>48,882</u>
Deficiency of revenues over expenditures	(561,815)	(847,566)	(794,317)	53,249
Other financing sources:				
Transfers in	<u>625,000</u>	<u>719,584</u>	<u>749,585</u>	<u>30,001</u>
Net change in fund balance	63,185	(127,982)	(44,732)	83,250
Fund balance, beginning	<u>160,289</u>	<u>160,289</u>	<u>160,289</u>	-
Fund balance, ending	<u>\$ 223,474</u>	<u>\$ 32,307</u>	<u>\$ 115,557</u>	<u>\$ 83,250</u>

TOWN OF GUEYDAN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2010

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 166,000	\$ 162,454	\$ 170,632	\$ 8,178
Interest	10,000	14,153	10,707	(3,446)
Total revenue	<u>176,000</u>	<u>176,607</u>	<u>181,339</u>	<u>4,732</u>
Expenditures:				
Current -				
General government	2,500	45,721	83,415	(37,694)
Capital outlay	<u>50,000</u>	<u>72,889</u>	<u>59,688</u>	<u>13,201</u>
Total expenditures	<u>52,500</u>	<u>118,610</u>	<u>143,103</u>	<u>(24,493)</u>
Excess of revenues over expenditures	123,500	57,997	38,236	(19,761)
Other financing uses:				
Transfers out	<u>(75,000)</u>	<u>(125,431)</u>	<u>(123,753)</u>	<u>1,678</u>
Net change in fund balance	48,500	(67,434)	(85,517)	(18,083)
Fund balance, beginning	<u>1,202,767</u>	<u>1,202,767</u>	<u>1,202,767</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,251,267</u>	<u>\$ 1,135,333</u>	<u>\$ 1,117,250</u>	<u>\$ (18,083)</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

State Revenue Sharing Fund -

To account for the collection and disbursement of the Town's State Revenue Sharing monies.

Police Department Narcotics Seizure Fund -

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

Youth Athletic Fund

To account for the collection and disbursement of the Town's share of proceeds from taxes collected by the Vermilion Parish Tourist Commission. Money is to be used to fund recreation programs for youth in Vermilion Parish.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2010

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Youth Athletic Fund	Total
ASSETS				
Cash	\$ 7,209	\$ 78	\$ 19,678	\$ 26,965
Due from other funds	-	-	-	-
Total assets	<u>\$ 7,209</u>	<u>\$ 78</u>	<u>\$ 19,678</u>	<u>\$ 26,965</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Unreserved	<u>7,209</u>	<u>78</u>	<u>19,678</u>	<u>26,965</u>
Total liabilities and fund balances	<u>\$ 7,209</u>	<u>\$ 78</u>	<u>\$ 19,678</u>	<u>\$ 26,965</u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2010

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Youth Athletic Fund	Total
Revenues:				
Taxes	\$ -	\$ -	\$ 4,027	\$ 4,027
Expenditures:				
Current-				
General Government	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
Excess (deficiency) of revenues over expenditures	-	(200)	4,027	3,827
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(200)	4,027	3,827
Fund balances, beginning	<u>7,209</u>	<u>278</u>	<u>15,651</u>	<u>23,138</u>
Fund balances, ending	<u>\$ 7,209</u>	<u>\$ 78</u>	<u>\$19,678</u>	<u>\$ 26,965</u>

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2010 and 2009

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2010 and 2009:

<u>Department</u>	<u>2010</u>	<u>2009</u>
Electricity (metered)	862	859
Gas (metered)	632	627
Water	738	742
Sewerage	730	735

TOWN OF GUEYDAN, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended December 31, 2010 and 2009

	Electricity		Gas		Water		Sewer		Totals	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Operating revenues:										
Charges for services	\$1,967,250	\$1,748,314	\$ 361,859	\$321,609	\$ 134,498	\$ 134,662	\$ 99,634	\$ 98,422	\$2,563,241	\$2,303,007
Other revenues	18,067	16,145	3,323	2,970	1,235	1,244	915	909	23,540	21,268
Total operating revenues	<u>1,985,317</u>	<u>1,764,459</u>	<u>365,182</u>	<u>324,579</u>	<u>135,733</u>	<u>135,906</u>	<u>100,549</u>	<u>99,331</u>	<u>2,586,781</u>	<u>2,324,275</u>
Operating expenses:										
Salaries - plant	50,962	51,123	18,224	16,922	21,607	21,690	21,900	21,984	112,693	111,719
Fuel purchased	1,102,121	911,987	160,133	124,892	-	-	-	-	1,262,254	1,036,879
Insurance	10,591	8,647	6,973	5,758	5,723	149	2,416	5,145	25,703	19,699
Insurance - employees	3,593	5,373	5,022	4,527	5,022	5,373	5,022	5,373	18,659	20,646
Materials and supplies	22,348	15,364	10,147	3,797	3,542	2,844	21,046	18,398	57,083	40,403
Auditing and accounting	1,667	2,100	1,667	2,100	1,667	2,100	1,667	2,100	6,668	8,400
Printing, stationary, and supplies	5,589	5,424	-	-	-	-	-	-	5,589	5,424
Depreciation	30,982	31,215	42,172	42,663	109,007	109,146	97,575	98,373	279,736	281,397
Repairs and maintenance	10,123	9,546	15,979	14,792	8,511	13,168	47,103	24,476	81,716	61,982
Seminars and workshops	-	40	2,813	410	644	809	1,355	1,523	4,812	2,782
Utilities	125	260	445	338	25,149	21,189	34,249	31,229	59,968	53,016
Payroll taxes	3,906	3,939	1,341	1,281	1,639	1,656	1,237	1,241	8,123	8,117
Bad debt expense	337	953	47	133	23	73	31	96	438	1,255
Miscellaneous	13,178	1,164	5,895	9,007	7,952	6,582	3,346	8,062	30,371	24,815
Total operating expenses	<u>1,255,522</u>	<u>1,047,135</u>	<u>270,858</u>	<u>226,620</u>	<u>190,486</u>	<u>184,779</u>	<u>236,947</u>	<u>218,000</u>	<u>1,953,813</u>	<u>1,676,534</u>
Net operating income (loss)	\$ 729,795	\$ 717,324	\$ 94,324	\$ 97,959	\$ (54,753)	\$ (48,873)	\$ (136,398)	\$ (118,669)	\$ 632,968	\$ 647,741

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Craig Hensgens, Mayor
and members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2010, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated March 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Gueydan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gueydan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Gueydan's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 10-1 and 10-2, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gueydan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 10-3.

The Town's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, board of aldermen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 11, 2011

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2010

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

10-1 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

CRITERIA: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU§314.43 defines internal control as follows:

"Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.03 states:

An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both."

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Craig Hensgens, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2010

10-2 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Gueydan does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

CRITERIA: SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, AU§325.05, states, in pertinent part:

"A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operation exists when:

- The person performing the control does not possess the necessary authority or competence to perform the control effectively."

Furthermore, AU §325.29 identifies the following as a deficiency in the design of (internal) controls:

"Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements."

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2010

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Craig Hensgens, Mayor has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

B. Compliance

10-3 Budget noncompliance

CONDITION: Budget variance in excess of 5% was incurred in the Sales Tax Fund.

CRITERIA: LSA-RS 39:1311 et seq, Budgetary Authority and Control, provides for the following:

"A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures."

CAUSE: The condition is a result of failure to properly monitor the expenditures of the Sales Tax Fund.

EFFECT: The Town may not prevent and/or detect compliance violations due to over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2010

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Craig Hensgens, Mayor will monitor the budget more closely in order to make sure that the Town complies with the five percent requirement.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

09-1 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 10-1.

09-2 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Gueydan does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: Unresolved. See item 10-2.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2010

09-3 Inconsistencies within the Payroll Function

CONDITION: The Town had many inconsistencies within the payroll function and no formal salary schedule or documentation of hiring. The inconsistencies noted have to do with payroll period cutoff, holiday hours being paid, and overtime rates.

RECOMMENDATION: The Town needs to establish formal policies and procedures for payroll and adhere to them.

CURRENT STATUS: Resolved.

B. Compliance

09-4 Budget noncompliance

CONDITION: The Town was not in compliance with LSA-RS 39:1311 due to the General Fund revenues failing to meet budgeted revenues by five percent or more.

RECOMMENDATION: The Town should monitor the budget more closely in order to make sure that the Town complies with the five percent requirement.

CURRENT STATUS: Unresolved. See item 10-3.